

Update on the work of the Standing Committee on Finance in 2016

Side event of the Standing Committee on Finance, Bonn, 20 May, 2016



Standing Committee on Finance – Functions and Mandates

The Standing Committee on Finance (SCF) to assist the COP in exercising **its functions in relation to the Financial Mechanism of the Convention** in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the Financial Mechanism (FM), mobilization of financial resources and MRV of support provided to developing country Parties (1/CP.16, paragraph 112)

The SCF shall also serve the **Paris Agreement** in line with its functions and responsibilities (1/CP.21, paragraph 63)

Mandated activities (2/CP.17, paragraph 121)

- ✓ Organize a **forum** for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence
- ✓ **Maintaining linkages** with the SBI and the thematic bodies of the Convention
- ✓ Providing to the COP **draft guidance to the OEs** of the FM, with a view to improving the consistency and practicality of such guidance
- ✓ Making recommendations on how to improve the **coherence, effectiveness and efficiency of the operating entities of the FM**
- ✓ Providing expert input, including through independent reviews and assessments, into the preparation and conduct of the **periodic reviews of the FM** by the COP
- ✓ Preparing a **biennial assessment and overview of climate finance flows (BA)**

Further mandates from COP 19

- ✓ Consider ways to increase work on **MRV of support beyond the BA** (7/CP.19, paragraph 9)
- ✓ Consider, in its work on coherence and coordination, inter alia, the issue of **financing for forests, taking into account different policy approaches** (7/CP.19, paragraph 11)

Further mandates from COP 20

- ✓ Recommend improvements to the **methodologies for reporting financial information** (6/CP.20, para 10 and 12; and 11/CP.20)
- ✓ Further explore how it can enhance its work on MRV of support, based on the best available information on the mobilization of various resources, including private and alternative resources, through public interventions (6/CP.20, paragraph 11)
- ✓ Provide advice on the issue of the **frequency of guidance** to the FM (6/CP.20, paragraph 20)

Further mandates from COP 21

- ✓ Take into account the enhanced information provided by Annex I Parties in its BA (9/CP.21, paragraph 13)
- ✓ Take into account the work on the methodologies for the reporting of financial information by Annex I Parties in the context of its workplan MRV of support (9/CP.21, paragraph 14)
- ✓ AC and LEG, in collaboration with SCF, to **develop methodologies, and make recommendations** on: a) taking the necessary steps to facilitate the mobilization of support for adaptation in developing countries; and (b) reviewing the adequacy and effectiveness of adaptation and support (1/CP.21, paragraph 45)



Standing Committee on Finance – Work completed in 2013-2015

- Prepared the **arrangements** between the COP and Green Climate Fund
- Provided inputs (two draft decisions in 2015) serving as the basis for negotiations with regard to **guidance to the operating entities** of the FM
- Prepared the **2014 BA**, including a summary and recommendations by the SCF
- Prepared a workplan on **MRV of support beyond the BA**
- Prepared recommendations on **methodologies for reporting financial information by Annex I Parties**
- Provided expert input to the **fifth review of the FM**, including conclusions and recommendations
- Provided conclusions and recommendations on **future institutional linkages and relations** between the Adaptation Fund and other institutions under the Convention
- Organised **three Forums**, including report:
 - ✓ 1st Forum in 2013: “Mobilizing finance and investments for climate action now”
 - ✓ 2nd Forum in 2014: “Mobilizing adaptation finance”
 - ✓ 3rd Forum in 2015: "Enhancing coherence & coordination of forest financing"



Standing Committee on Finance – Current areas of work

- 2016 biennial assessment and overview of climate finance flows
- MRV of finance beyond the biennial assessment and overview of climate finance flows
- 2016 Forum of the Standing Committee on Finance, on issues related to the theme of financial instruments that address the risks of loss and damage associated with the adverse effects of climate change
- Work on draft guidance to the operating entities of the financial mechanism
- Coherence and coordination: Financing for forests, taking into account different policy approaches
- Consideration of the long-term finance issues referred to in decision 3/CP.19, paragraph 12
- Linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention



2016 biennial assessment and overview of climate finance flows (BA)

- ❑ **The preparation of the BAs is guided by the following COP mandates:**
 - 2/CP.17 paragraph 121(f); 1/CP.18 paragraph 71; 5/CP.18 paragraph 11;3/CP.19, paragraph 11
 - In addition, COP 21, in decision 1/CP.21, paragraph 94 (c), requested the APA, when developing the modalities, procedures and guidelines referred to in paragraph 91 in the same decision, to consider, *inter alia*, information in the BAs.

- ❑ **The SCF has initiated the technical work for the 2016 BA. The outline was endorsed by COP 21 (FCCC/CP/2015/8. Annex VIII). Following the approach taken in the 2014 BA, the 2016 BA will comprise:**
 - A summary and recommendations by the SCF
 - A Technical report, containing core chapters on methodological issues, overview of climate finance flows, and assessment of climate finance flows



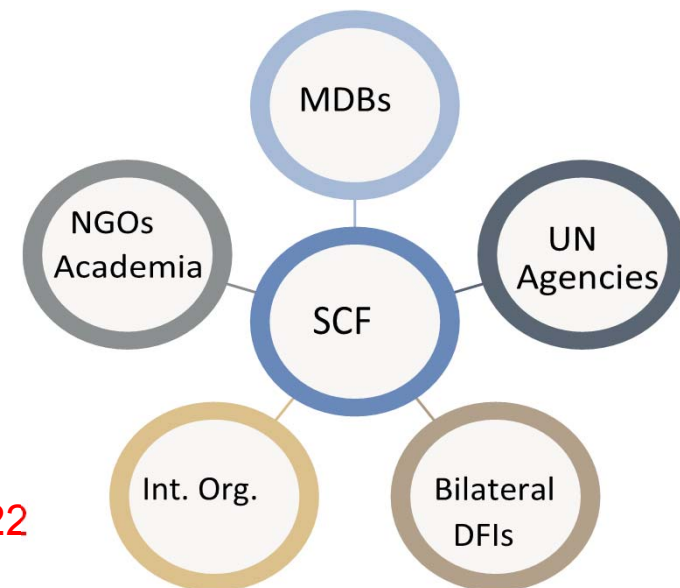
2016 biennial assessment and overview of climate finance flows (BA)

❑ **The 2016 BA will draw meta-data from a wide range of sources, including but not limited to the following sources:**

- National reports under the Convention, including, inter alia, the second round of biennial reports and the biennial update reports
- Other reports of data producers and aggregators

❑ **The approach to organizing the technical work:**

- Hubs-and-spokes approach
- Data collection and information
- **Technical meetings involving data producers and aggregators**
- **Outreach: side events at SBs session and COP22**



2016 biennial assessment and overview of climate finance flows (BA)

- ❑ **The SCF considered at its 12th meeting initial material compiled from a wide range of available sources.**
 - Up-to-date information on the harmonization of the operational definitions of climate finance and reporting approaches of data producers and aggregators
 - Better understanding of the variations in the methodological approaches used for data collection and aggregation
 - Where possible, identification of trends on climate finance flows and the reasons behind them
 - To the extent possible, reflection on the recipient countries perspective
 - **Information and data relevant to Article 2, paragraph 1(c) in the overview and assessment chapters.**
- ❑ **The SCF will include a summary and recommendations in its annual report to COP22.**
- ❑ **The 2016 BA will also inform the biennial high-level ministerial dialogue on climate finance**



2016 Forum of the Standing Committee of Finance

- ❑ **Background:** As part of its COP-mandated activities, the SCF organizes annual forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance
- ❑ **2016 topic:** *“Financial instruments that address the risks of loss and damage associated with the adverse effects of climate change”*
- ❑ **Overall objective:** to share information, knowledge and good practices, among expert organizations (both public and private), practitioners and UNFCCC stakeholders on financial instruments and tools that address the risks of loss and damage with a view to identifying possible conclusions and/or recommendations on the next steps
- ❑ **Target audience:** Practitioners and technical experts
- ❑ **Forum venue and date:** decision to be made by the SCF in the month of May; SCF still exploring options.



Standing Committee on Finance – Work on draft guidance to the operating entities of the Financial Mechanism

Activities in 2016

- ✓ The SCF, at its 12th meeting, agreed on how they will undertake work related to draft guidance to the operating entities of the Financial Mechanism:

Draft guidance to the operating entities of the Financial Mechanism

- ✓ In 2016, the SCF agreed to follow the practice from last year to prepare draft guidance in the form of draft decisions based on, inter alia, the inputs received from the SCF members and by other thematic bodies. They will be included in the annual report of the SCF to COP 22.
- ✓ The SCF also agreed to be more ambitious this year in developing guidance of a more strategic nature, in addition to considering the annual reports of the GEF and the GCF.
- ✓ The annual reports of the GEF and the GCF are expected to be available by August.



Standing Committee on Finance – Work on draft guidance to the operating entities of the Financial Mechanism

Frequency of guidance

- ✓ The SCF in 2015 made significant progress in terms of identifying options for the frequency of guidance, including the legal and practical implications identified for each of the options. They are to provide guidance (a) every year; (b) every two years or; (c) every four years. The SCF reported to COP 21 that the SCF will undertake further work on this matter in 2016.
- ✓ At SCF 12, the members agreed to reflect upon the pros and cons of different frequencies of guidance at its next meeting, noting the importance of timing of COP guidance as input into the replenishment processes.

Preparation of a draft set of core guidance

- ✓ The SCF in 2015 made significant progress on this matter in 2015, including the preparation of a compilation and synthesis of past guidance to the GEF and the GCF, which are available on the SCF website (<http://unfccc.int/6881>)
- ✓ In 2016, the SCF will finalize the analysis of past guidance provided and extract the elements that could form the core guidance.



Standing Committee on Finance – 2015 Forum of the Standing Committee on Finance, on issues related to finance for forests

Activities in 2015

- ✓ Third SCF forum on “Enhancing coherence and coordination of forest financing” took place from 8- 9 Sep 2015 in Durban, South Africa and was organized in collaboration with the 14th World Forestry Congress hosted by the South African government and in partnership with FAO

Activities in 2016

- ✓ The SCF, at its 11th meeting, agreed to undertake several follow-up activities in 2016 to improve coherence and coordination of forest finance:
 - An overview of forest finance flows in the 2016 Biennial Assessment and Overview of Climate Finance Flows;
 - Consider reaching out to entities financing the activities referred to in decision 1/CP.16, paragraph 70 and other relevant stakeholders working on forest finance to strengthen the coherence and coordination between the forestry sector and sectors that drive deforestation and forest degradation, and in the access to and delivery of support;
 - An SCF side event to be organized in conjunction with an UNFCCC conference session in 2016, to facilitate the interactions among the financing entities providing forest finance;
 - Consideration of the outcomes of above-mentioned activities at the SCF meetings, with a view to preparing SCF recommendations to COP 22 on, inter alia, draft guidance to the operating entities of the Financial Mechanism.



Standing Committee on Finance – 2015 Forum of the Standing Committee on Finance, on issues related to finance for forests

The SCF will host a dedicated

SCF side event – Enhancing coherence and coordination of forest finance

23 May, 2016

13:15-14:45

Room Bonn III

- ✓ The SCF will present an overview of its work on the issue of coherence and coordination for forest finance.
- ✓ Moreover, the side event will serve as a platform for exchanging views and information on how to enhance coherence and coordination of forest finance, including in the area of results-based payments.



Standing Committee on Finance

For more information please visit:

www.unfccc.int/SCF

www.unfccc.int/SCF/Forum

